

Sale of Manufacturing Facility/Landfill Permit Acquisition: Federal Court Addresses Unjust Enrichment/Promissory Estoppel Claims



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A United States District Court (Indiana) (“Court”) addressed in a July 30th Order issues arising out of the sale of a manufacturing facility for which there was interest in constructing a landfill by the potential purchaser. *See Regional Redevelopment v. U.S. Steel Corp.*, WL3580655.

The Court considered questions of promissory estoppel and unjust enrichment that were asserted when the transaction failed.

United States Steel Corporation (“USS”) owned a former manufacturing plant. Regional Redevelopment (“RR”) was interested in purchasing the facility.

RR planned to:

- Demolish the facility.
- Obtain a permit from the Indiana Department of Environmental Management (“IDEM”) for a “construction and demolition debris non-municipal solid waste landfill.”
- Sell the landfill and the land to a third-party.

USS and RR entered negotiations. However, they broke down when RR realized USS had a permit to operate a small-scale landfill, not the large scale, non-municipal landfill intended by both parties.

RR made an effort to demonstrate to USS that IDEM would approve the permit adjustment from a small to large landfill. However, USS ceased communications.

The transaction was not completed.

RR filed an action against USS alleging promissory estoppel and unjust enrichment. It argued that in reliance on the written and oral representation of USS, it spent “capital, political capital, and manpower” to complete the landfill modification application for submission to IDEM.

The Court indicated that as RR made progress, USS’s position “began to shift its position regarding the landfill and RR’s role.” RR argued that it “proved” to USS that IDEM would approve the permit modification to authorize the large-scale landfill.

The company also argued that the contract was nevertheless unenforceable due to public policy in the event it was considered valid.

USS moved for judgment on the pleadings.

All facts are viewed in the light most favorable to the non-moving party in a motion for judgment on the pleadings.

The Court addressed each of the alleged claims:

Promissory Estoppel

The elements of promissory estoppel include:

1. A promise has been made,
2. The promise relied on the promise,
3. The promise induced reliance,
4. The reliance was of a definite and substantial nature, and
5. Injustice would occur if the promise was not enforced.

Promissory estoppel claims permit recovery where no contract existed.

RR argued that the promissory estoppel claim arose outside of the three contracts associated with the transaction. This argument was rejected by the Court. It held that if a contract exists, promissory estoppel cannot be brought.

Unjust Enrichment

The Court found in favor of USS on the unjust enrichment claim for two reasons.

First, if a contract exists, an unjust enrichment claim must fall outside of the scope of the contract. RR's claim was held to be governed by the contracts.

Second, parties may not incorporate by reference allegations of a contract's existence in an unjust enrichment count. Two contracts are incorporated by reference in the RR's complaint. Therefore, the unjust enrichment claim failed. Further, if the unjust enrichment claim is based on the same set of facts for another claim (i.e., the promissory estoppel claim) and the other claim fails (as in this instance) then the unjust enrichment claim also fails.

Unenforceability due to Public Policy

Indiana case law was described as generally allowing private parties to enter into contracts to do as they see fit. A contract is only unconscionable if there's a great disparity of power between parties to coerce the "weaker" party to sign a contract without knowing about the contract's terms.

The Court found no evidence of unconscionability. It considered language stating that both parties contributed to the drafting and negotiations of the contract.

The Court granted USS's Motion for Judgment on the Pleadings.

A copy of the Order can be downloaded [here](#).